



**COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles**

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Gloria Molina
Yvonne Brathwaite Burke
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Michael D. Antonovich
Commissioners

Carlos Jackson
Executive Director

October 30, 2007

Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**ADOPT A RESOLUTION AND MEMORANDUM OF UNDERSTANDING IN SUPPORT
OF A STATE ENTERPRISE ZONE APPLICATION (1)
(3 Vote)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that approval of a Resolution and authorization to submit an application to the State of California to establish unincorporated East Los Angeles as a State Enterprise Zone is not subject to the provisions of the California Environmental Quality Act (CEQA), as described herein, because the action will not have the potential for causing a significant effect on the environment.
2. Adopt and instruct the Chairman to sign the attached Resolution, which supports a joint County and City of Los Angeles application to the State Department of Housing and Community Development (HCD), designating unincorporated East Los Angeles as the County portion of the proposed East Los Angeles State Enterprise Zone.
3. Authorize the Executive Director of the Community Development Commission to submit to HCD, by November 16, 2007, a State Enterprise Zone application and to prepare a Letter of Commitment identifying specific commitments, such as staff time and programmatic support, which the County will make to the proposed Enterprise Zone.

4. Authorize the Executive Director of the Community Development Commission to execute a Memorandum of Understanding (MOU) with the State to establish the Enterprise Zone, if selected for designation; and authorize the Executive Director to execute other documents necessary for establishment of the Enterprise Zone.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to approve a Resolution and authorize the Community Development Commission (Commission) to submit a joint application to HCD, with the City of Los Angeles, to establish unincorporated East Los Angeles as a State Enterprise Zone.

FISCAL IMPACT/FINANCING:

There is no fiscal impact associated with approval of the attached Resolution. The Commission, if awarded an Enterprise Zone designation, will commit the time of current staff and programs to the administration of the proposed zone. For future years, funds required for administration of the Enterprise Zone will be requested through the Commission's annual budget process.

HCD assesses a \$10 fee for each Enterprise Zone voucher submitted by a business located in the zone. Enterprise Zone administrators may assess an additional fee to cover administrative costs associated with zone operation. This additional fee is expected to be approximately \$25 - \$30 per voucher, which is in line with the fees currently charged by the City of Los Angeles for its active Enterprise Zones. These fees will be used to help offset the cost of administering the program.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On June 20, 2007, HCD issued the 2007/2008 Application Guidebook for Enterprise Zone Designation, which governs State Enterprise Zone application procedures. The 15-year program seeks to stimulate new private-sector investment and growth in the most economically distressed areas in the State. There are currently a total of eight State Enterprise Zones available for designation through a competitive process.

Businesses located within a State Enterprise Zone are eligible for substantial tax credits and benefits including: up to \$31,605 in tax credits over a five-year period for each qualified employee hired, tax credits for sales and use taxes paid on qualified machinery purchases, accelerated expense deductions for certain depreciable property, interest deductions for lenders on loans made to firms within an Enterprise Zone, and other benefits.

HCD defines an enterprise zone as a geographic area that meets certain socioeconomic distress criteria, demonstrating that State and local incentives are

needed to stimulate of new jobs and promote economic revitalization in the area. Under this program, a distressed area is defined as having a lagging increase in per capita income, unemployment of 7.4% or more, 15.2% of the population in poverty, 70% of households with low/moderate incomes, or declared a federal disaster area within the last seven years. A community must meet three of the above criteria to qualify as a potential Enterprise Zone applicant.

After carefully reviewing the Enterprise Zone Program procedures and regulations and eligible areas in the unincorporated County, the Commission determined that unincorporated East Los Angeles presented the strongest candidate for designation. In addition, the Commission discovered that the City of Los Angeles (City) was preparing an application for the eastern portion of the City. Therefore, the Commission and the City agreed to present a joint application for a proposed East Los Angeles State Enterprise Zone (see attached map).

On September 4, 2007, the Board of Commissioners authorized the Commission to enter into a contract with Jack Faucett Associates (JFA) for assistance in preparing an Enterprise Zone Application for unincorporated East Los Angeles. JFA is also under contract with the City of Los Angeles for Enterprise Zone application work within the City's jurisdiction.

As part of the application process, HCD requires that your Board adopt the attached Resolution, which designates unincorporated East Los Angeles as "depressed" and authorizes the Commission to submit the State Enterprise Zone application and execute a MOU with the State and other documents necessary for establishment of the zone.

Enterprise Zones will be selected through a competitive process based on a variety of required components. The eight top scoring applications will receive conditional designation. If the East Los Angeles State Enterprise Zone application is successful, HCD will grant final Enterprise Zone designation through execution of an MOU.

The Commission is also required to submit a Letter of Commitment identifying specific commitments, such as staff time and programmatic support that the Commission will make to the proposed Enterprise Zone. The Resolution authorizes the Executive Director to prepare and submit this letter.

As joint applicants, the County and the City of Los Angeles will each administer the Enterprise Zone program in their respective jurisdictions.

The Resolution has been approved as to form by County Counsel.

The deadline to submit the Enterprise Zone application to HCD is November 16, 2007.

ENVIRONMENTAL DOCUMENTATION:

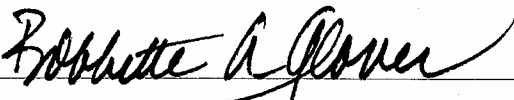
This action is not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378, because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

Per the State Enterprise Zone application requirements, a Notice of Preparation has been filed with the State Clearinghouse and an Initial Study is being prepared.

IMPACT ON CURRENT PROGRAM:

Establishing unincorporated East Los Angeles as an Enterprise Zone will provide State tax benefits to businesses located in the zone and provide job opportunities to unincorporated County area residents.

Respectfully submitted,


for CARLOS JACKSON
Executive Director

Attachments: 2

CJ:CC:ml

RESOLUTION NO. _____

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF
LOS ANGELES REGARDING ESTABLISHMENT OF THE EAST LOS
ANGELES ENTERPRISE ZONE**

WHEREAS, the County of Los Angeles and the City of Los Angeles are submitting a joint application for a California Enterprise Zone, to be known as the East Los Angeles Enterprise Zone, to the California Department of Housing and Community Development (HCD) on or before November 16, 2007;

WHEREAS, the County of Los Angeles finds that the application area within the County is a depressed area and that designation of the area as an Enterprise Zone is necessary in order to attract private sector investment to the application area;

WHEREAS, the County of Los Angeles authorizes an application for Enterprise Zone designation;

WHEREAS, the County of Los Angeles authorizes and supports job development, job creation, and economic development;

WHEREAS, the County of Los Angeles authorizes that staffing shall be made available to maintain record-keeping, monthly updates on zone activities, and to discuss these activities with program auditors;

WHEREAS, the County of Los Angeles shall develop a self-evaluation process to measure its progress in meeting its goals and objectives and this process shall be submitted to HCD for review, approval and inclusion in the Memorandum of Understanding (MOU) prior to Final Designation;

WHEREAS, the County of Los Angeles agrees to complete all actions stated within the application that apply to its jurisdiction should the proposed Enterprise Zone be awarded designation; and

WHEREAS, the Executive Director of the Community Development Commission is authorized to sign the application, the MOU, a Letter of Commitment of Community Development Commission resources related to Enterprise Zone implementation, and other documents necessary for the implementation of the Enterprise Zone.

NOW, THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES DOES HEREBY RESOLVE AS FOLLOWS:

The County of Los Angeles is committed to the designation, implementation, and operation of the East Los Angeles Enterprise Zone.

The foregoing Resolution was on this 30th day of October, 2007 adopted by the Board of Supervisors of the County of Los Angeles.

**BOARD OF SUPERVISORS OF
THE COUNTY OF LOS ANGELES**

By 
Chairman, Board of Supervisors

APPROVED AS TO FORM:

Raymond G. Fortner, Jr.
County Counsel

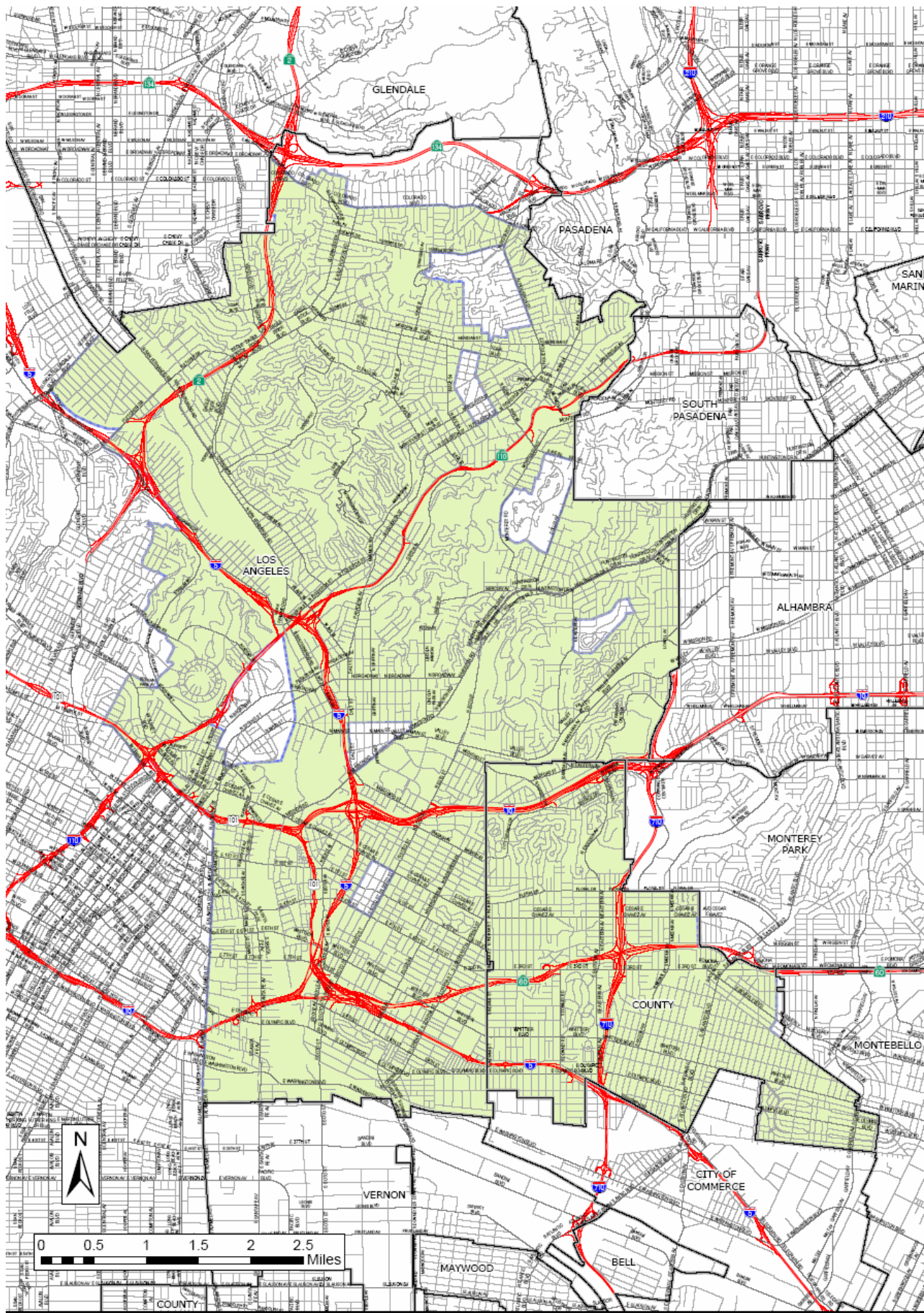
By 
Deputy

ATTEST:

Sachi A. Hamai, Executive Officer-
Clerk of the Board of Supervisors
of the County of Los Angeles

By 
Deputy





A Joint Project of the City of Los Angeles and the County of Los Angeles

East Los Angeles State Enterprise Zone

City/Unincorporated Area Boundary
Proposed Enterprise Zone

September 26, 2007